So the most significant thing this resolution does is it improves the opportunity for our children to have a decent and prosperous lifestyle, and that, I believe, is the largest gift of all, as I said earlier, and will far outweigh some of the negatives that were alleged will occur from the other side, which I do not agree to anyway. But even if you accepted them on face value, they are far outweighed by the positive of balancing this budget for our children's future.

Second, what this budget does is that, in driving this Government to be fiscally responsible and managed in a way that we can afford it, we are taking a hard look at all the major programs that are in this institution. And a lot of them were created with good intentions, but they have not worked. The classic example, of course, is welfare. No program has had a more disastrous track record than welfare considering the amount of money that has been spent on it. I am sure there are more disastrous programs, but in relationship to the amount of dollars spent on it, it would be hard to find.

The fact is what this budget does is assumes that we are going to take the welfare system and improve it substantially, basically by putting it back in the control of the States that have the imagination and flexibility and the originality to create new and aggressive programs, and the Governors are excited about the opportunity. I can tell you, as a former Governor, they will deliver a heck of a lot more dollars to the recipients that need it by having flexibility than by having a huge bureaucracy on their back. So we are going to reorganize welfare.

We are also going to take a hard look at the other entitlement programs, all of them, but the one entitlement program that needs the most scrutiny because it is the most sensitive and it is the most critical right now is Medicare, because the trustees of the Medicare trust fund—and this is not a Republican group; in fact, four of the six trustees are members of this administration, including the Secretary of HHS and the Secretary of the Treasury—the trustees of the Medicare trust fund have said that if something is not done to correct the fundamental financial situation or imbalance of the trust fund, it will go bankrupt in the year 2002.

This is a chart that reflects that. This is where we are today, and this is where it goes—bankruptcy in 2002 for the trust fund.

What are the practical implications of that? The practical implications are that there will be no insurance program for seniors in the year 2002. And so what does this budget proposal put forward? It puts forward ways in which we can effectively address that issue and bring under control the rate of growth of the Medicare trust fund so that we can afford it, and so that it will exist and work well for our seniors.

It does not assume that seniors will get less care. It actually assumes that seniors will get more care. They will get more care because we will give them more options; we will give them more choices. And in the process, we will, hopefully, move them from a fee-for-service system into fixed-cost systems which can deliver high quality care but for costs which are predictable.

Are we talking about cutting the Medicare trust fund to do this or cutting Medicare spending to do this? No. As I mentioned earlier, we are talking about increasing it rather dramatically, $345 billion of increase over the 7 years. And what does that work out in this inflation factor? It works out to the fact that today the Medicare spending is growing at 10.5 percent.

What we are talking about in this resolution is accomplishing a rate of growth that is basically 6.4 percent. Mr. President, 6.4-percent rate of growth. That is what we are assuming for the Medicare spending under this resolution. Is that a cut? Only if you function under the liberal new math. Under any reasonable math, even moderate math, a 6.4-percent annual increase is still an increase in spending and it a very substantial increase in spending. In fact, it represents twice the rate of growth of inflation. That is the commitment we made in this budget. And it is a significant commitment to our senior citizens, and it will, we believe, produce a budget which will be in balance.

Now, there has been some discussion about a couple other issues I wanted to touch on quickly. That is the education issue. There is a representation, if you were to listen to the earlier colloquy between the Senators from Maryland and Massachusetts, that all students everywhere will be impacted adversely by this resolution. Well, I think maybe they are not up to speed on what the resolution does.

The resolution does say that graduate students will be impacted, but undergraduate students will continue to have their programs and have them pretty much the way they are today. Graduate students, yes. They will be asked to pay the cost of interest on their loans after they graduate from graduate school. Their interest on their loans will accrue while they are in graduate school, which they do not now.

What does that mean? Well, it basically means John and Mary Jones working at the local diner, 60 hours a week to try to make ends meet, will no longer have to subsidize the guy who is going to law school and his graduate loan and the interest on that graduate loan. It means that lawyers, in fact, they will still be subsidizing them to some degree but that person going to law school will, when they get out of law school, because their earning capacity will be significantly increased, be required to pay the burden of the interest that was accrued on that loan. I think that is fairly reasonable.

Yes, we should maintain the programs for undergraduates. I believe they should keep undergraduates free from the interest cost during the period they are in school. But for graduates, I can see no legitimate reason for not requiring them once they get out of graduate school, where they have increased their earning capacity dramatically, to pay back that interest. Because, after all, if we do not do that, what we are basically doing is transferring to our wealthiest Americans, the graduate students, from our moderate- and middle-income Americans' tax dollars, something that there appears to be outrage about over the tax cut. It does not clone that direction as mentioned earlier. But it seems to be acceptable relative to graduate students from that side of the aisle, this income transfer, from hard-working Americans to people who are clearly going to be quite wealthy once they get out of the graduate schools, whether it is law school or medical school or whatever.

So that is, I think, a bit of a specious argument to begin with. But second it is specious because it ignores probably the most underlying positive event which this balanced budget amendment is going to generate for all Americans, not just for the Federal Government; that is, the fact that all the economists that have looked at this, including CBO, have said if we put in place a budget which balances the Federal budget over the next 7 years and does it in real numbers, with real terms, as this one does, that there will be a drop in the interest rates in this country of 2 percent. A 2-percent drop in interest rates is a huge benefit to homeowners, to people who are borrowing on their credit cards, people who are buying cars, and equally people who are going to graduate school. And I suspect just that the percent drop will more than pay for the cost of incurring the interest in later years or will certainly pick up a significant proportion.

So, I do not find this argument to be very persuasive. Good politics, which unfortunately appears to be a big part of this debate, but not persuasive on the facts as is the argument that there is a Medicare cut here which is maybe good politics but is inaccurate and clearly not true on the facts.

Now, the President presented a budget in this process also. The President has presented a number of budgets. The first budget was out of balance by $200 billion a year or $1.2 trillion over 5 years. And then he came forward and presented a second budget, just a little while ago. And that unfortunately came forward, scored by his own folks on the basis of his own numbers, something that he said he would not do, not scored by CBO. And when it was scored by CBO it turned out that budget was also out of balance by about $200 billion a year for essentially as far as the eye could see.